



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 25, 2001

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Supervisor Don Knabe

FROM: J. Tyler McCauley  
Auditor-Controller

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES FISCAL  
REVIEW**

We have completed a review of the Department of Community and Senior Services (Department) fiscal operations. Our review focused on evaluating the Department's internal controls and compliance with County fiscal policies and procedures in key fiscal areas including payroll, procurement, revenue, expenditures, and contracting. As part of our review of the payroll and procurement areas, we evaluated the Department's efforts to implement recommendations contained in three prior audit reports issued by our Department. Finally, we reviewed the Department's budgetary performance and trust fund controls.

**Summary of Findings**

We found that the Department generally makes a conscientious effort to comply with established fiscal policies and procedures. However, certain control problems noted in this review indicate management needs to improve monitoring in certain areas. We also noted a number of recommendations from the three prior reports were not implemented even though the Department previously reported that the recommendations had been implemented.

Annually, when completing the County's Internal Control Certification Program (ICCP), the Department has certified that required controls and procedures are in effect. However, in actuality, key controls are not in place in several areas. Many of the non-compliances noted during our review should have been detected and corrected when completing the annual ICCP.

The following are areas where improvements can be made.

**Expenditure Accruals**

For FY 1999-00, the Department indicated that it had paid for all the goods received before the year-end closing deadline and, therefore, did not report any expenditure accruals. However, we reviewed ten purchase transactions, totaling \$40,462 that were charged to FY 2000-01 purchase orders and noted that three of the ten transactions, totaling \$20,581, were for goods/services received in the prior fiscal year. As a result, prior year expenditures were understated and the current year expenditures were overstated.

**Trust Funds**

The Department maintains ten trust funds and six accounts within the County's Departmental Trust Fund. We noted that the Department does not reconcile all trust funds monthly as required and many of the trust reconciliations are not reviewed and approved by the accounting supervisor. We also noted that the Department inappropriately issues trust warrants (approximately \$3,000-\$5,000 per year) directly from its Donation Trust Fund. As a result, expenses related to this fund are not reported in the Department's budgetary accounting records. Finally, the Department needs to obtain guidelines from grantors as to the proper disposition of revenue returned to it because of disallowed contractor costs.

**Contracting**

The Department has over 500 contracts, primarily with service providers and consultants providing services for the Department's assistance programs. We noted that a number of the criteria on the rating instruments used to evaluate bidders' proposals could be restated to be more objective and provide a better basis to support the evaluators' ratings. In addition, cost savings were not always the highest weighted criteria in accordance with Board policy.

We also noted that one of the Department's programs, the Refugee Employment Program, operated without valid contracts with its 15 service providers for the first nine months of the 1999-2000 fiscal year. Finally, we noted that the monitoring instruments used to evaluate the service providers' program and fiscal performance varies significantly among programs and, in some instances, key areas are not evaluated.

**Procurement**

We noted several areas in procurement where improvements are needed. For example, in some instances the Department used non-agreement vendors for purchases that should have been made, at a lower cost, using agreement vendors. Also, we noted the lowest non-agreement bidder was not selected in several instances and documentation explaining why another bidder was selected was not provided.

In addition, we noted in several instances the Department did not comply with ISD/PCS purchasing guidelines to ensure the Department receives the best possible prices and terms for purchasing goods and services and only pays for goods and services received. For example, the Department does not always match the vendor invoice and packing slip or other documentation to ensure that the amounts invoiced are correct and/or services provided. Also, procurement staff does not always review agreements to verify the prices and payment terms before making payments.

**Travel Expenses**

The Department needs to improve controls over travel expenses. For example, the Department does not reconcile charges on the monthly American Express billing statement with the Department's approved travel requests. As a result, the Department was charged for trips not taken. Also, the Department does not monitor its travel advance log to ensure employees submit expense claims and refund checks timely.

**Conclusion**

The Department generally conducts its financial operations in an appropriate manner. However, it needs to improve its compliance with County fiscal requirements in the areas noted and strengthen its monitoring of fiscal operations to identify problem areas in a timely manner and take corrective action. Details of our findings and recommendations for corrective action are included in the attached report.

Department management was very cooperative during our review and actively participated in the review process. Management recognizes the need for improvement and indicated its commitment to correct the problem areas noted. Their response to this report, including planned corrective actions, is attached.

If you have any questions regarding this report, please contact me or have your staff contact DeWitt Roberts at (213) 974-0301.

JTM:DR:DC

**Attachment**

c: David E. Janssen, Chief Administrative Officer  
Department of Community and Senior Services  
Robert Ryans, Director  
Dianne Scott, Audit Coordinator  
Violet Varona-Lukens, Executive Officer  
Public Information Officer  
Audit Committee

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# Los Angeles County Department of Community and Senior Services



Prepared by:  
Department of Auditor-Controller

September 25, 2001

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## **Department of Community and Senior Services Fiscal Review**

### **Comments and Recommendations**

#### **Background And Scope**

The Department of Community and Senior Services (Department or CSS), in partnership with community leaders, businesses, and private agencies, assists residents of Los Angeles County in obtaining self-sufficiency; strengthens the independence of older persons; provides employment and training for unemployed adults, displaced workers, seniors and young people; protects and assists adult victims of abuse; assists refugees in resettlement; and provides safety and security for domestic violence victims. CSS' budget for FY 2001-02 is approximately \$215 million, consisting of \$164 million for Assistance and \$51 million for Administration. Approximately 78% of the Department's program and administrative costs are reimbursed with State and federal funding.

We conducted a review of the CSS's controls over its fiscal operations. Our review focused on evaluating the Department's internal controls and compliance with County fiscal policies and procedures in key fiscal areas including payroll, procurement, revenue, expenditures, and contracting. As part of our review of the payroll and procurement areas, we evaluated the Department's efforts to implement recommendations contained in three prior audit reports issued by our Department. Finally, we reviewed the Department's budgetary performance and trust fund controls.

#### **Summary**

We found that the Department generally makes a conscientious effort to comply with established fiscal policies and practices. However, the control problems noted in our review indicate management needs to improve monitoring in certain areas. We also noted a large number of recommendations from the three prior audits were not implemented even though the Department previously reported that the recommendations had been implemented.

Annually, when completing the County's Internal Control Certification Program (ICCP), CSS has certified that required controls and procedures are in effect when, in actuality, key controls are not in place in several areas. Many of the weaknesses noted during our review should have been detected and corrected when completing the annual ICCP.

Details of our findings and recommendations are contained in the remaining sections of this report.

## Budgeting

### Budgetary Control and Adherence to County Budget

The Department uses six budget units to report the Department's General Fund operations. Four of the six units report budgetary information for the Department's major programs: Job Training Partnership Act, Older Americans Act, Refugee Assistance, and Community Action. The two remaining units report budgetary information for Program Administration and Capital Projects. Also, the Department uses separate budget units to report the fiscal activity for each of its three Special Revenue Funds: Domestic Violence, Dispute Resolution, and Linkages programs that receive funding from marriage licenses, court fees and parking fines, respectively, and do not result in any Net County Cost (NCC).

In examining the Department's adherence to its General Fund budget, we compared the Department's actual financial results to its budgets for fiscal years 1998-99 and 1999-2000. The results are summarized below:

Budgeted and Actual Financial Results  
Fiscal Year 1998-99

	<b>Budget</b>	<b>Actual</b>	<b>Over or &lt;Under&gt; Budget</b>
Expenditures	\$166.8 million	\$141.2 million	<\$25.6 million>
Intrafund Transfer	\$47.6 million	\$26.5 million	<\$21.1 million>
Revenue	\$115.7 million	\$111.2 million	<\$4.5 million>
Net County Cost	\$3.5 million	\$3.5 million	\$0

**Table 1**

Budgeted and Actual Financial Results  
Fiscal Year 1999-00

	<b>Budget</b>	<b>Actual</b>	<b>Over or &lt;Under&gt; Budget</b>
Expenditures	\$191.1 million	\$146.2 million	<\$55.0 million>
Intrafund Transfer	\$56.7 million	\$39.0 million	<\$26.0 million>
Revenue	\$131.1 million	\$102.9 million	<\$29.0 million>
Net County Cost	\$4.3 million	\$4.2 million	<\$ .1 million>

**Table 2**

Overall, the Department has done well in operating within its budgeted NCC. It should be noted that in both fiscal years, actual expenditures, intrafund transfers and revenues were significantly under budget. According to the Department, this is primarily attributable to the CalWORKS, Welfare-to-Work and Adult Protective Services programs not being fully implemented during the fiscal year in which they were initially planned and the numbers of participant referrals being less than projected. As a result,



additional program expenses were not incurred and the corresponding revenues were not received.

### **Accruals & Commitments**

#### **Expenditure Accruals**

Departments should accrue expenditures and the related accounts payable when goods are received in one fiscal year but will not be paid for until the next fiscal year. The Auditor-Controller provides instructions to departments on how to account for and report these liabilities at the end of each fiscal year to help ensure the County has an accurate record of its financial position and the results of operations.

For FY 1999-00, the CSS did not set up any expenditure accruals for goods received, but not paid for, during FY 1999-2000. The Department indicated that it had paid for all the goods received during the prior fiscal year before the year-end closing deadline and, as a result, did not need to establish any expenditure accruals. However, we reviewed ten purchase transactions, totaling \$40,462, that were charged to 2000-01 fiscal year purchase orders and noted that three of the ten transactions, totaling \$20,581, were for goods/services that were received in the prior fiscal year. The Department should have established expenditure accruals for these transactions. Because we only tested ten transactions, the actual amount of the error is likely higher.

If expenditure accruals are not established, the Department charges prior year expenditures to current year purchase orders. This results in prior year expenditures being understated and current year expenditures being overstated. The Department needs to closely review expenditures at the end of each fiscal year to ensure the proper amount of accounts payable are established and expenditures are charged to the correct fiscal year.

#### **Recommendation**

- 1. The Department closely review expenditures at the end of each fiscal year to determine the amount of expenditure accruals to be recorded at year-end to ensure all expenditures are charged to the correct fiscal year.**

#### **Commitments and Revenue Accruals**

Commitments represent funds reserved to pay for future obligations on contracts and direct purchase orders. Revenue accruals represent revenue that has been earned but not yet recorded in the accounting records by the end of a fiscal year. It is important that both commitments and revenue accruals be accurately calculated and recorded to ensure the County's accounting records accurately reflect its financial position and results of operations at the end of the fiscal year.

We reviewed the Department's procedures and noted appropriate procedures are in place to ensure that both commitments and revenue accruals are accurately recorded. In addition, we noted that the Department periodically reviews the balances of its commitments and revenue accruals and appropriately cancels commitments in which CSS's obligations have been fulfilled.

### **Trust Funds**

CSS maintains ten trust funds and six accounts within the County's Departmental Trust Fund (TK7). Seven of the ten trust funds and two of the six TK7 accounts are set up to account for revenue collected from service providers for overpayments and unearned grant revenue. The remaining trust funds and TK7 accounts are set up to temporarily account for Los Angeles Homeless Shelter Authority (LAHSA) funds, revenue collected on rental of the Department's facilities, funding advances for some federal and State programs, interest earnings for Community Services Block Grants (CSBG), and revenue collected from donations. As of August 2001, the Department's trust funds and TK7 accounts had a total balance of about \$ 3.6 million.

### **Trust Fund Oversight**

In our review of the Department's trust funds, we noted that there had been no activity for four years in three TK7 accounts (7102, 7231 and 7239) with balances totaling \$35,892. The Department believes that \$35,000 of this total was transferred to a trust fund when the Department closed a revolving fund several years ago. The Department could not identify the source of the remaining \$892, but management believes these funds belong in revenue.

### **Recommendations**

#### **The Department:**

- 2. Determine the appropriate disposition of the funds in the three funds identified above and disburse the funds as appropriate.**
- 3. Review all trust accounts yearly to determine if any should be closed.**

### **Trust Fund Reconciliation**

CFM Section 2.3.0 requires departments to reconcile monthly their trust records to the County-wide Accounting and Purchasing System (CAPS). These monthly reconciliations must be reviewed and approved by the department's chief fiscal officer or accounting officer. All reconciling items identified by the departments must be followed up and resolved promptly.

In reviewing the Department's trust fund activity for FY 1999-00, we noted the following:

- One trust fund (SN8) with a balance of \$19,500 had not been reconciled in two years. At least 12 transactions are posted to this fund each month.
- The monthly reconciliations of two TK7 accounts (7097 and 7354), with a combined balance of \$136,000, were not reviewed and approved by a supervisor.

### **Recommendation**

4. **The Department ensure all trust funds are reconciled monthly and are reviewed and approved by the Department's Chief Fiscal Officer or Accounting Officer.**

### **Trust Fund Disbursements**

CFM Section 2.22 specifies that County expenditures are not to be disbursed directly from trust funds and that trust funds are not to be used to circumvent the County's budgetary process. Further, CFM Section 2.4 specifies that donations (revenues and expenses) must be accounted for through the normal budgetary process. When donated funds are to be spent, an encumbrance must be established in the department's operating budget and purchases must be made in accordance with County expenditure guidelines.

CSS usually receives between \$3,000 and \$5,000 in donations each year and deposits the monies in a donations trust fund. We noted that donations related activity is not accounted for through the normal budgetary process. Encumbrances are not established and the Department issues trust warrants directly from the donations trust fund (TK7 Account #7097) for expenditures. As a result, expenditures related to this fund are not reported in the Department's budgetary accounting records.

### **Recommendations**

**Department management:**

5. **Ensure that donation activities (revenues and expenditures) are accounted for in the normal budgetary process.**
6. **Ensure that County expenditures are not paid directly from its departmental trust funds.**

### **Revenue from Disallowed Costs Held In Trust**

Annually, CSS receives about \$110 million in federal and State funds that are disbursed to the various programs' service providers. When a service provider is paid for costs that are subsequently disallowed, the provider must repay CSS for the amount of the

disallowed costs. Funds collected for disallowed costs are placed in trust. CSS has established a separate trust fund for each major funding program. As of August 2001, the balance of these trust accounts totaled \$1.1 million and included revenue collected from disallowed costs over a period of multiple fiscal years.

In discussions with CSS managers, we found that the Department had no written guidelines from the various funding sources on the proper disposition of disallowed costs collected and deposited into trust. Currently, the Department uses these funds to reimburse service providers for valid invoices submitted for reimbursement after a program's funding period has ended. The Department also periodically transfers funds in these trusts to the County's General Fund. In FY 1999-2000, the Department transferred \$385,000 from the JTPA Title III trust account, \$655,000 from the JTPA Title II-A (77%-82%) trust account, and \$102,000 from the JTPA Title II-A (8%) trust account to the General Fund.

To ensure that these funds are expensed in accordance with the requirements of the grantors and to help ensure the County does not receive future claim cuts, the Department should obtain formal guidelines from the grantors for the disposition of these funds.

### **Recommendation**

- 7. The Department obtain formal guidelines from the grantors for the disposition of these funds.**

### **Contracting**

CSS administers over 540 contracts totaling \$150 million. The vast majority of the contracts are with service providers and consultants providing services for the Department's assistance programs. Each program unit is responsible for soliciting, procuring, and managing its own contracts. Because of their relative size, we focused our review on the Refugee and Welfare-to-Work programs. The Department has a total of 76 contracts totaling \$37 million for these two programs.

### **Evaluation Process**

The integrity of the competitive bid proposal evaluation process is enhanced when an evaluation committee, of three or more individuals, is assigned to review all proposals received. An evaluation committee helps to ensure that all aspects of each proposal are fairly evaluated. If the number of proposals received is not prohibitive, each proposal received should be independently reviewed by each member of the evaluation committee using some type of evaluation rating instrument. An evaluation rating instrument contains a series of questions about the proposal that must be answered based on criteria specified in the Request for Proposal (RFP).

We reviewed the contracting process for the Refugee and Welfare-to-Work programs and noted that the Department follows appropriate procedures for identifying and soliciting potential contractors as specified by County and Department procurement policies. Criteria used to evaluate bids are consistent with the requirements in the RFPs and evaluation committees are composed of members familiar with the program and contract requirements. Also, prior to reviewing proposals, evaluation committee members review the evaluation instrument and the requirements contained in the RFP to become familiar with the documents. Members are assigned proposals to review individually, and then meet to discuss scores if there are significant variances. We did note minor inconsistencies in the actual rating evaluations assigned to some bidders, which are to be expected. Overall, the ratings were consistent with one another.

While the Department's RFP process appears to be conducted fairly and proposals are evaluated using meaningful criteria, we noted the following areas in which the process could be strengthened.

- Some questions on the rating instruments are phrased in a yes/no format and should be either restated or expanded to be more objective and provide a better basis to support the evaluator's rating. For example, questions about a bidder's previous experience could be expanded so that points are given to specifically reflect the number of years of experience (1 point for 1-2 years of experience, 3 points for 3-4 years of experience, and 5 points for greater than 5 years of experience, etc.).
- Cost savings were not always the highest weighted factor. In some cases, the cost factor was weighted up to 15 points lower than the highest weighted evaluation factor. The Board of Supervisors previously approved a requirement that the weight assigned to the cost factor be at least equal to the weight given to any other evaluation factor.
- In some cases, bidders can submit proposals to provide services in one or several service areas, and due to the volume of bids received, not every evaluation team member can review all the bids for all the service areas. Currently, not all the proposals within a service area are reviewed by the same evaluation team(s). To ensure a consistent comparison of proposals for a specific service area, the same evaluation team(s) should evaluate all the proposals for a service area. Also, having the same evaluation team(s) evaluate all the proposals within a service area minimizes the effect in how a particular evaluation team assign scores. (Some teams might consistently score higher or lower than others.)

### **Recommendations**

#### **The Department:**

- 8. Ensure questions (and points assigned) on the rating instruments are phrased to be more objective and provide a better basis to support the evaluator's rating.**
- 9. Ensure that the weight given to the cost factor is at least equal to the weight given to the highest other evaluation factor.**
- 10. To the extent possible, ensure the same evaluation team(s) review all the proposals within a service area.**

### **Service Provider Contracts**

Although the Board approved the funding allocations at the beginning of FY 1999-2000, the Refugee Employment Program operated without valid contracts with its 15 service providers for the first nine months of that fiscal year. According to the Department, the delay in attaining valid and signed contracts with the program's service providers was the result of changes in the Department's program managers and the need for County Counsel to revise contract language and format.

Although these matters may have resulted in delays, the Department needs to plan better to minimize delays in contracting when unexpected events occur. Allowing the service providers to continue providing services, without valid contracts, subjected the Department to unnecessary risks. Without a contract in place, the Department would have less recourse if the contractor fails to provide the anticipated services. In addition, the Department runs the risk of the State terminating programs and not reimbursing CSS for the expenditures already incurred by the service providers.

### **Recommendation**

- 11. The Department closer monitor the contracting process to ensure that delays in contracting are minimized and that contracts with service providers are executed before they start providing services to the clients and before the start of the grant term.**

### **Contract Monitoring**

Program staff for the Welfare-to-Work Program perform both fiscal and program reviews of the Program's 42 service providers. Each service provider is reviewed at least once a year. However, if a significant problem is noted during the review, a follow-up review is conducted to determine if the service provider took corrective action. In the Refugee Employment Program, department staff conducts program reviews of the 15 service providers. An independent accounting firm conducts the fiscal performance reviews.

In reviewing the contract monitoring efforts of the Department for the Welfare-to-Work and Refugee Employment Programs, we noted the following:

- The monitoring instruments used to evaluate service providers' program and fiscal performance varies between programs. For example, the monitoring instrument used for the Welfare-to-Work Program was fairly comprehensive and covered key areas of program and fiscal performance. The monitoring instrument used to evaluate the Refugee Employment Program performance was not as detailed and overlooked some key areas. For example, the monitoring instrument used to evaluate program effectiveness did not require interviewing service providers' program staff or clients. Also, many of the questions focused primarily on ensuring client files contained the appropriate documents rather than focusing on the service providers' program performance. (It should be noted that an accounting firm, contracted by the Department, conducts the program's fiscal monitoring.)
- The frequency that service providers are reviewed varies between programs and between monitoring staff within a program. For example, in the Welfare-to-Work program, some monitors review assigned program service providers once a year, while other monitoring staff review assigned service providers twice yearly. In the Refugee Employment Program, monitors review some program service providers quarterly and others less frequently.

### **Recommendation**

12. **To the extent possible, the Department standardize the monitoring instruments used by the contract monitors (and independent accounting firms) and the frequency in which service providers for all programs are reviewed.**

### **Travel Expenses**

CSS employees travel out of the County for meetings, seminars and conferences. For all out-of-County travel, a travel request must be completed that lists the destination, purpose and justification of the trip and expenses that will be incurred. The travel request must be approved by the Department's travel coordinator, the Program Manager, the Budget Officer and the Assistant Director. The Department's travel budget for FY 1999-2000 was \$227,000 and for FY 2000-01 it was \$272,000.

As noted in the following sections, management needs to more closely monitor and control travel expenditures. It should be noted that the Department has taken measures, subsequent to our review, to strengthen controls over travel expenses.

### **American Express Billings**

The Department receives a monthly billing statement from AE that lists travel charges incurred by the Department. We noted that CSS does not reconcile AE's monthly billing

statement to approved travel requests. We reviewed AE monthly billing statements for FY 1999-2000 and noted that ten charges totaling \$2,052 did not have properly approved travel requests. In three cases, with charges totaling \$565.50, we determined that the trips were never taken and, only subsequent to our review, did the employees return the unused airline tickets. For one charge, totaling \$215, the trip was cancelled, but the Department was still charged for the trip.

### **Recommendation**

- 13. The Department reconcile the AE billing statements to authorized travel requests and resolve any discrepancies as they occur.**

### **Travel Advances**

The County Fiscal Manual, Appendix C, specifies that County travelers must file expense reports as soon as possible, but no later than two weeks after the completion of each trip. Each report should be reviewed by the Department's business office to ensure the purpose of trip is documented, expenditure totals are accurate and complete supporting documentation and receipts are attached. In addition, according to the Department's Travel Policies and Procedures, if the employee received a travel advance and the amount advanced was more than the actual expense, the employee must attach a check for the difference.

CSS does not maintain a control log to monitor travel advances given to employees. We tested 10 Expense Claims to determine whether the advances were properly approved, if the employee submitted an Expense Claim within two weeks of the completion of travel, and whether the County was reimbursed in cases in which actual costs were less than amounts advanced. All 10 advances were properly approved. However, six of the ten Expense Claims were submitted late, an average of eight weeks after the last date of travel. In three cases, the employees were required to submit refunds totaling \$392.57.

### **Recommendation**

- 14. The Department maintain a control log to monitor travel advances and ensure expense claims are submitted and refunds due the County are collected timely.**



### **Portable Equipment**

Section 6.4.2 of the CFM requires departments to maintain a department-wide list of all portable equipment items and the name of the individual each item is assigned to. At each location, all items not permanently assigned to individuals should be assigned to one individual who is responsible for securing/controlling the items when they are not being used. These requirements are designed to minimize the risk of portable items being misappropriated without being detected and to help ensure that the accounting records are accurate and complete.

At CSS, the Fixed Assets Manager maintains a portable equipment inventory listing. Annually, managers are asked to provide the Fixed Assets Manager with a current list of all portable items. However, we noted that some CSS managers do not submit an annual inventory listing of equipment assigned to their units to the Fixed Assets Manager so that the portable equipment inventory listing can be updated periodically.

We selected a sample of 10 portable equipment items reported on the Department's portable equipment listing. Of the 10 portable equipment items selected, we noted 50% (5 of 10) were not in the location reported on the inventory listing. One item was assigned to another location and four items had been sent to salvage or storage.

### **Recommendation**

- 15. Department management reemphasize to location managers the importance of submitting completed portable equipment inventory listings to the Fixed Assets Manager annually, when requested.**

### **Procurement**

In July 1998, we issued a report on CSS' procurement operations. In our current review, we followed up on 12 recommendations in our July 1998 review and one recommendation related to the use of vendor codes from a February 1998 CAPS On-Line Vendor Payment Review report. CSS previously reported all 13 recommendations in the two previous reviews had been implemented. We determined that seven of the recommendations reported by the Department as implemented were, in fact, not implemented. CSS management needs to strengthen its oversight of the procurement functions to ensure that the recommendations discussed below are implemented and the corrective actions taken remain in place.

## **February 1998 CAPS On-Line Vendor Payment Review Follow-up**

### **Use of Vendor Codes**

**Recommendation 2:** CSS management ensure staff minimize the use of miscellaneous vendor codes by performing the following:

- a) **Searching the Vendor Table, before making a payment to determine whether the vendor has an existing vendor code.**
- b) **Submitting a CAPS Vendor Table Update Request to the Auditor-Controller's Disbursement Division in those cases where the vendor is not on the Vendor Table and there is a likelihood of future payments to the vendor.**

**Current status:** CAPS maintains a Vendor Table (VEND) containing over 49,000 records. Information on the VEND includes the vendor's name, vendor code, address and total current and prior year payments. Departments should use the specific six digit vendor code whenever possible. Generally, departments should only use the "MISC 01" (miscellaneous) vendor code for payments to employees or if the department is fairly certain that they will not make any future payments to the vendor.

During Fiscal Year 1999-00, the Department used a miscellaneous vendor code for 316 (30%) of 1053 payment voucher transactions. For 118 of these transactions (37% of the 316 transactions) involving miscellaneous vendor codes, a specific vendor code was available in CAPS but not used. The Department should ensure that Finance staff maximizes the use of vendor codes.

Maximizing the use of vendor codes reduces data entry time, improves the likelihood of the County acquiring volume discounts by tracking countywide purchases using the same vendor, and helps ensure accuracy in year-end Form 1099 reporting to the Internal Revenue Service.

## **July 1998 Procurement Operations Review Follow-up**

### **Oversight of Procurement Operations**

**Recommendation 1:** CSS management re-affirm the authority, role and responsibilities of the Procurement Unit.

**Recommendation 2:** CSS management re-instruct procurement staff regarding their procurement oversight responsibilities and establish performance expectations and goals to measure actual performance against established policies and procedures.

**Current Status:** CSS arranged with the Internal Services Department to provide training to procurement staff and supervisors on purchasing guidelines and oversight responsibilities. Also, the Department hired additional staff to assist in the oversight of the procurement operations. However, performance goals were not established and oversight of the procurement operation did not improve to a sufficient level to prevent many of the problems noted in our July 1998 report from reoccurring, as noted below.

### **Compliance with Purchasing Guidelines**

**Recommendation 3:** CSS management ensure procurement staff is properly trained on County purchasing guidelines and the proper procedures to be followed when reviewing non-agreement purchases.

**Recommendation 4:** CSS management establish mechanisms to monitor procurement staff for on-going compliance with County purchasing policies and procedures.

**Current Status:** Although the Department reported that procurement staff received training and, that prior to approving future purchase requests, CSS management would ensure that the purchasing guidelines and standards are followed, we noted the following problems which are similar to findings noted in our prior audit report.

- Documentation was not available to justify using a sole source designation for any of the five sole source purchases we tested.
- Four of the 20 purchases that we reviewed using non-agreement vendors were for goods that could have been purchased using agreement vendors. For three of these transactions, totaling \$15,400, the Department could have saved \$7,500 had agreement vendors been used.
- In three of the 20 non-agreement vendor purchases that we reviewed, the lowest bidder was not selected and documentation explaining why another bidder was selected was not provided.

### **Vendor Agreements**

**Recommendation 6:** CSS management ensure Procurement staff maintains a complete file of vendor agreements and matches invoices to the agreement terms prior to approving vendor invoices for payment.

**Current Status:** During our current review CSS Procurement staff could only provide us with one of ten vendor agreements requested.

## **Vendor Payments**

**Recommendation 7:** CSS management ensure accounting staff responsible for accounts payable perform a match between the vendor invoice and packing slip to ensure goods have been received prior to payment.

**Current Status:** Accounting staff responsible for accounts payable do not always perform a match between the vendor invoice and packing slip to ensure that the amounts invoiced are correct. Six of 48 (13%) of the invoices we tested during our current review were paid without matching them to an approved packing slip or signed document stating that the item was received/completed. According to the accounting staff, department staff who receive the deliveries do not always attach the complete set of documents (packing slip, etc.) when forwarding the packet to the accounting section for vendor payment and the accounting section does not always follow-up in these instances prior to approving the payment.

## **Payroll and Personnel**

### **May 1997 CWTAPPS Review Follow-up**

During FY 1996-97, we conducted a review of CSS' utilization of the County-Wide Timekeeping and Payroll/Personnel System (CWTAPPS). Our May 1997 report contained 44 recommendations to strengthen controls over the Department's timekeeping and payroll processes. In their response to our report, CSS reported that all 44 recommendations had been implemented.

During our current review, we evaluated the actions taken by the Department to implement the recommendations in the May 1997 report and noted that 13 of the 44 recommendations reported by the Department as implemented were, in fact, not implemented. Again, CSS management needs to strengthen its oversight of the payroll and personnel operations to ensure that the 13 recommendations discussed below are implemented and the corrective actions taken remain in place.

## **Data Access Security Controls**

**Recommendation 1:** CSS management ensure compliance with County Fiscal Manual requirements that departmental payroll and personnel staff be precluded from having access to their own payroll/personnel information on CWTAPPS.

**Current Status:** Payroll and personnel staff continues to have access to their own payroll and personnel records on CWTAPPS.

### **Personnel and Pay Period Bonuses**

**Recommendation 6:** CSS management ensure that all bonuses are entered into CWTAPPS within Auditor-Controller deadlines.

**Current Status:** We tested ten bonuses and noted that seven of the ten (70%) bonuses tested were entered into CWTAPPS, on average, 31 days after the Auditor-Controller deadline.

### **Terminations**

**Recommendation 11:** CSS management ensure an individual, with no payroll responsibility, traces terminated employees' names to the Payroll Sequence Register for three consecutive months to ensure that the employee is not receiving payments for which they are not entitled.

**Current Status:** Based on interviews with payroll/personnel staff and managers, terminated employees names are not traced to the Payroll Sequence Register.

### **Time and Attendance**

**Recommendation 13:** Reemphasize to employees the importance of submitting timecards to the Payroll Unit by the established due date.

**Current Status:** Although CSS management reported that they will periodically remind staff of the importance of submitting timecards on time, seven of ten employee timecards we randomly reviewed were not received by the payroll unit within the established due dates.

**Recommendation 14:** Establish procedures that improve control and accountability over the submission of timecards to the Payroll Unit.

**Current Status:** Timecard coordinators who are responsible for forwarding timecards to the Payroll Unit have not been supplied with an employee roster by pay location or work location to use as a transmittal form when forwarding timecards to the Payroll Unit. The Payroll Unit is still calling employees to track down late timecards, which is one of the vital functions of the timecard coordinators. This situation hinders the Payroll Unit since they must make strict deadlines in processing their testwork.

**Recommendation 20:** CSS management implement the use of pre-printed employee timecards to all employees.

**Current Status:** The Department has new timecards but they still require the employees to print their employee name, number, etc., which increases the likelihood of errors and delays in processing monthly payroll and timekeeping.

**Recommendation 21: CSS management develop and implement procedures for processing/rejecting timecards containing erasures, corrections, cross-outs, or missing information.**

**Current Status:** The Department reported that timecards containing erasures, corrections, or cross-outs must be initialed by the employee and the employee's supervisor. Timecards not properly prepared are to be returned to employees' supervisors. However, we reviewed 30 timekeeping documents and noted many cross-outs and adjustments that were not approved/initialed by management.

**Recommendation 24: CSS management develop procedures that incorporate CWTAPPS' automatic leave defaulting feature as Department policy.**

**Current Status:** The Department reported that payroll staff has stopped manually researching available leave balances and has implemented use of the CWTAPPS leave defaulting feature. However, during our review, we noted that CSS Human Resources staff is not utilizing the CWTAPPS leave defaulting feature.

**Recommendation 25: CSS management instruct the Payroll Unit to discontinue maintaining manual Master Timecards and to utilize information maintained by CWTAPPS and viewable on-line and/or provided on reports.**

**Current Status:** The CSS Payroll Unit still uses manual Master Timecards to post leave usage variances, record salary rates, post overtime and leave accruals, as well as maintain leave balances and track employees with marginal balances.

### **CWTAPPS Reports**

**Recommendation 37: CSS management ensure that Payroll/Personnel Unit staff document their reviews of CWTAPPS reports as required by the County Fiscal Manual.**

**Current Status:** We reviewed 88 CWTAPPS reports for December 1999 and January 2000. We noted that 27% (24 of 88) of the reports were not annotated to document the Payroll Supervisor's review and the disposition and date that corrective action was taken for each exception listed.

### **Miscellaneous Payroll Issues**

**Recommendation 40: CSS management ensure that an individual at each location is designated as Timecard Coordinator and held responsible for making sure that all payroll requirements and payroll deadlines are met.**

**Current Status:** As previously indicated, timecard coordinators who are responsible for forwarding timecards to the Payroll Unit have not been given employee rosters by pay location or work location to use as transmittal forms when forwarding timecards to

the Payroll Unit. The Payroll Unit is still calling employees to track down late timecards, which is one of the vital functions of the timecard coordinators.

**Recommendation 41: CSS management ensure that the Department's payroll manual is completed and that payroll training is given to all employees in the Department.**

**Current Status:** CSS has not written a payroll manual and training has not been given to employees and their managers.

**Recommendation 42: CSS management reemphasize the importance of proper payroll reporting to all managers and hold them accountable for compliance to payroll procedures and timecard deadlines.**

**Current Status:** It appears the Department has not effectively communicated to its managers the importance of complying with timecard deadlines. As previously noted, seven of ten employee timecards we reviewed were not received by the payroll unit on or before the established due date.



ROBERT RYANS  
Director

**COMMUNITY AND SENIOR SERVICES  
OF LOS ANGELES COUNTY**

BOARD OF SUPERVISORS

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September 19, 2001

To: J. Tyler McCauley  
Auditor-Controller

From: Robert Ryans, Director

A handwritten signature in black ink, appearing to read "Robert Ryans", written over the printed name.

Subject: **RESPONSE TO AUDITOR-CONTROLLER'S FISCAL REVIEW**

Attached is Community and Senior Services' response to the Auditor-Controller's Fiscal Review. We concur with the 15 new recommendations made in the report and your staff's findings on the status of recommendations from prior reviews on our Procurement Operations, CAPS On-Line Vendor Payments and CWTAPPS.

We have already implemented 12 recommendations. As detailed in our response, corrective action plans and target implementation dates have been established to fully implement the remaining recommendations. We are committed to taking timely and appropriate steps to ensure full compliance of our fiscal operations with the County's fiscal policies and procedures.

We have also strengthened our monitoring system to ensure recommendations are implemented timely and the corrective actions are sustained on an on-going basis. Effective October 1, 2001, follow-up on outstanding recommendations will be conducted quarterly and accountable parties must submit documentation to the Audit Coordinator. Furthermore, we are taking additional steps to ensure the annual Internal Control Certification Program (ICCP) is performed in a complete manner. ICCP evaluators will be provided training prior to starting the 2001-02 ICCP.

We greatly appreciate your assistance in performing this review and identifying areas where our internal controls and overall fiscal operations can be improved. Your audit staff conducted the review in a professional and diligent manner.

If you have any questions regarding this response, please call me or your staff may contact Paul Briscoe at (213) 738-4208.

Attachment

c: Paul Briscoe, Assistant Director  
Dianne Scott, Audit Coordinator



**Community and Senior Services  
Fiscal Operations Review  
Response to Recommendations**

**Recommendation 1**

The Department closely review expenditures at the end of each fiscal year to determine the amount of expenditure accruals to be recorded at year-end to ensure all expenditures are charged to the correct fiscal year.

**CSS Response**

Prior to closing the FY 2000-01 books, Procurement staff was re-instructed on the proper procedures for identifying year-end expenditure accruals. Procurement staff closely reviewed pending invoices and completed purchase orders in July 2001 to ensure the proper amount of accounts payable were established and reported to the Auditor-Controller. The Budget Officer monitored the process. We will reinforce this process by providing Procurement staff with written procedures on expenditure accruals. (Target Date – December 31, 2001)

**Recommendation 2**

The Department determine the appropriate disposition of the funds in the three funds identified above and disburse the funds as appropriate

**CSS Response**

The three TK7 accounts (7102, 7231, and 7239) with balances totaling \$35,892 will be closed out by September 30, 2001. Program Accounting determined \$892 was revenue and transferred this amount to the proper revenue account during FY 2000-01 closing. The remaining \$35,000 consists of revolving funds that are no longer needed and will be returned to the Auditor-Controller. (Target Date – September 30, 2001)

**Recommendation 3**

The Department review all trust accounts yearly to determine if any should be closed.

**CSS Response**

Program Accounting is currently preparing a listing of all assigned trust accounts. The listing will be given to the appropriate Accounting Officers who will investigate any accounts that show a lack of activity and inform management as to the possible closure of such accounts. Program Accounting managers will request the Auditor-Controller to close those accounts that are no longer needed. The process will be done yearly. (Target Date – October 31, 2001 and on-going)

#### **Recommendation 4**

The Department ensure all trust funds are reconciled monthly and are reviewed and approved by the Department's Chief Fiscal Officer or Accounting Officer.

#### **CSS Response**

All trust funds are now reconciled monthly. The Accounting Officers are responsible for ensuring the reconciliations and their review/approval are completed within 30 days after the close of each month. Upon completion, the reconciliations are forwarded to the appropriate Program Manager to ensure they are completed timely. (Implemented – July 2001)

#### **Recommendation 5**

Department management ensure that donation activities (revenues and expenditures) are accounted for in the normal budgetary process.

#### **Recommendation 6**

Department management ensure that County expenditures are not paid directly from its departmental trust funds.

#### **CSS Response**

The Budget/Finance Section established General Fund encumbrances for donation expenditures to be incurred during FY 2001-02. All donation expenditures are now charged to these encumbrances in accordance with the County budgetary process. Trust monies are transferred monthly to the correct revenue account for donation expenditures made in the previous month. We will ensure that anticipated donation expenditures are included in future budget requests. (Implemented - July 2001)

#### **Recommendation 7**

The Department obtain formal guidelines from the grantors for the disposition of these funds.

#### **CSS Response**

The Department's policy is to deposit repayments from sub-recipients for disallowed costs in the appropriate trust account if the monies are received after the contract term is expired. These monies are held in trust until the grant period is completed and the grantor has performed an audit of the grant. If the grant period is still open, we make every effort to abate our grant claims for the amount of the repayment to ensure disallowed costs do not result in claim cuts. Prior to closing the books each fiscal year, the abated amounts are transferred to the proper revenue account.

We will consult with grantor representatives and research applicable grant regulations to determine whether these monies should be returned to the grantor agency or reprogrammed. Written procedures will be developed and distributed to accounting staff that require on-going reviews of trust monies to ensure they are dispositioned in accordance with the requirements of the grantor. Program Accounting managers will monitor trust balances on an on-going basis to ensure the proper disposition of these funds. (Target Date – January 31, 2002 and on-going)

#### **Recommendation 8**

The Department ensure questions (and points assigned) on the rating instruments are phrased to be more objective and provide a better basis to support the evaluator's rating.

#### **Recommendation 9**

The Department ensure that the weight given to the cost factor is at least equal to the weight given to the highest other evaluation factor.

#### **Recommendation 10**

The Department, to the extent possible, ensure the same evaluation team(s) review all the proposals within a service area.

#### **CSS Response**

A directive will be distributed to all managers and supervisors reiterating the areas for improvement noted by the auditors. This will include standards for ensuring 1) rating and scoring criteria are more objective, 2) the weight assigned to cost is at least equal to the highest other evaluation factor, and 3) there is consistency in the rating of proposals by the evaluation teams. (Target Date – October 31, 2001)

As part of the County and CSS Strategic Plan, a project team was formed to develop and implement a uniform RFP process for all programs administered by CSS. This effort will include developing uniform RFP guidelines and standards that will include the above areas. (Target Date – June 30, 2002)

#### **Recommendation 11**

The Department closer monitor the contracting process to ensure that delays in contracting are minimized and that, unless extraordinary events prevent it, contracts with service providers are executed before they start providing services to the clients and before the start of the grant term.

### **CSS Response**

The Department administers over 500 contracts annually and the majority of these contracts have July 1 effective start dates. This creates a significant workload in getting contracts and all necessary exhibits such as the Statement of Work and Budget completed and executed by all parties including County Counsel.

The Employment & Training and Aging & Adult Services Branches continue to monitor the contracting process to ensure more timely execution of contracts. It should be noted the Department has a policy that no service provider is authorized to begin services prior to CSS obtaining contracting authority from the Board of Supervisors. In addition, other safeguards are in place to ensure funds are not at risk without the legal remedies of an executed contract. The Department does not release any monies to a service provider until there is an executed contract and advance payment provisions have been eliminated for most programs.

As part of the County and CSS Strategic Plan, we are undertaking a review of our contracting process and will be making appropriate changes to ensure more timely execution of contracts. A project team was formed to develop and implement uniform contract standards for all programs. This will include development of standard contract boilerplates and identifying ways to streamline the contracting process. We will also consult with County Counsel to identify opportunities for streamlining their review of contracts and other means to minimize risk exposure when contract execution is delayed. (Target Date – June 2002)

### **Recommendation 12**

To the extent possible, the Department standardize the monitoring instruments used by the contract monitors (and independent accounting firms) and the frequency in which service providers for all programs are reviewed.

### **CSS Response**

CSS policy is that, at a minimum, a fiscal and program monitoring review of each service provider will be conducted at least once annually. This policy will be reemphasized via a directive distributed to all program sections. It should be noted that some programs require more frequent reviews to comply with grant regulations and/or because of the programmatic risk inherent in the services being provided. For example, the nutrition sites providing meals to seniors are monitored monthly to ensure compliance with health regulations. Workforce Investment Act regulations require at least two monitoring reviews each year. We will ensure all programs comply with Departmental policy and specific grant regulations related to the frequency of monitoring reviews. (Target Date – October 31, 2001)

As part of the County and CSS Strategic Plan, a project team has been formed to update and standardize contract monitoring procedures. This will include

standardization of monitoring instruments that will be used by CSS contract monitors and contract accounting firms. (Target Date – June 30, 2002)

### **Recommendation 13**

The Department reconcile the American Express billing statements to authorized travel requests and resolve any discrepancies as they occur.

#### **CSS Response**

Starting in February 2001, the CSS Travel Coordinator has reconciled monthly the American Express billing statements to approved travel requests. The reconciliation was completed for all billings retroactive to July 2000. Any discrepancies are followed up and resolved with American Express. This procedure has ensured the Department is billed only for valid and authorized trips. (Implemented - February 2001)

### **Recommendation 14**

The Department maintain a control log to monitor travel advances and ensure expense claims are submitted and refunds due the County are collected timely.

#### **CSS Response**

The CSS Travel Coordinator has implemented a control log of travel advances given to employees that is being used to monitor for receipt of expense claims and refunds. Employees are required to forward travel expense claims and receipts to the Accounting Unit within two weeks of completion of the trip. If the amount advanced was more than the actual expense, the Travel Coordinator checks to ensure that the employee reimbursed the difference to the County. The travel log is reviewed twice a month and employees are notified of outstanding expense claims. Claims that remain outstanding for over 30 days are referred to the Assistant Director for corrective action. (Implemented - July 2000)

### **Recommendation 15**

Department management reemphasize to location managers the importance of submitting completed portable equipment inventory listings to the Fixed Assets Manager annually, when requested.

#### **CSS Response**

We are undertaking a complete inventory of all fixed assets and portable equipment. In April 2001, Internal Support Services provided the location managers at the service centers, senior centers and APS field offices with fixed asset and portable equipment listings and requested them to complete a physical inventory. ISS staff then made site

inspections to verify the accuracy of the inventory, notified the location managers of their findings, and requested them to resolve the variances. We are nearly completed with this phase of the inventory and updating of the inventory listings. The same process has been started at the headquarters building and at the 3333 Wilshire building and updated listings for these facilities will be completed by December 31, 2001.

Thereafter, annual physical inventories will be commenced in November of each year. Procedures will be developed to ensure timely completion and submission of the inventory listings by the location managers. This will include additional technical assistance that may be needed and progressive follow-up with location managers, Program Managers and then Assistant Directors on delinquent listings. (Target Date – December 31, 2001)

### **Follow-up on Prior Audit Reports**

#### **February 1998 – CAPS On-Line Vendor Payment Review**

##### **Prior Recommendation 2**

CSS management ensure staff minimize the use of miscellaneous vendor codes by performing the following:

- a) Searching the Vendor Table before making a payment to determine whether the vendor has an existing vendor code.
- b) Submitting a CAPS Vendor Table Update Request to the Auditor-Controller's Disbursement Division in those cases where the vendor is not on the Vendor Table and there is a likelihood of future payments to the vendor.

##### **CSS Response**

In January 2001 Accounts Payable staff began checking the Vendor Table before making payment to determine whether the vendor has an existing vendor code. When the vendor is not on the Vendor Table and there is likelihood of future transactions with the vendor, a CAPS Vendor Table Update Request is submitted to the Auditor-Controller's Disbursement Division for a new vendor code before any payment is made. Staff has also been instructed to limit use of the miscellaneous vendor code to payments to employees or if they are certain that they will not make any future payments to the vendor. The Budget/Finance Section supervisors are monitoring this process. (Implemented – January 2001)

## July 1998 – Procurement Operations Review

### Prior Recommendation 1

CSS management reaffirm the authority, role and responsibilities of the Procurement Unit.

#### CSS Response

We have re-instructed the Procurement staff in January 1999 and January 2000 to ensure that they understand they have the authority and responsibility to reject improperly procured transactions. Administrative Services management has supported the Procurement staff in this difficult oversight role and has intervened when appropriate.

We issued a memo to all CSS managers in September 1998 reaffirming the authority, role and responsibilities of the Procurement Unit and restating CSS policy for handling non-compliant purchases and rejecting purchase requisitions. We will update and issue another memo to reinforce these requirements. (Target Date – October 31, 2001)

In September 2000, an additional staff person was hired for the Procurement Unit to assist in providing the necessary oversight and monitoring of the procurement operations and to ensure on-going compliance with County and CSS purchasing policies and procedures.

### Prior Recommendation 2

CSS management re-instruct procurement staff regarding their procurement oversight responsibilities and establish performance expectations and goals to measure actual performance against established policies and procedures.

#### CSS Response

We will continue to take the necessary steps to ensure Procurement staff complies with the Departmental Procurement Manual, the County Fiscal Manual and ISD purchasing guidelines. We instructed the Procurement Assistant and Budget/General Accounting Section staff on the purchasing guidelines and oversight responsibilities and provided them with a written summary of our internal policies. We plan to schedule another training by December 2001 on current purchasing guidelines and oversight responsibilities. (Target Date – December 31, 2001)

In FY 2000-2001, overall and individual performance goals were established and incorporated in the Performance Evaluations for the Procurement Unit and the two Procurement staff. The Budget Officer monitors actual performance against

established policies and procedures as part of her review and approval of purchase requisitions.

We are also continuing our monitoring compliance through the periodic reviews of randomly selected purchase transactions discussed under Recommendation 4.

### **Prior Recommendation 3**

CSS management ensure procurement staff is properly trained on County purchasing guidelines and the proper procedures to be followed when reviewing non-agreement purchases.

#### **CSS Response**

The Budget Officer provided additional training and written materials to the Procurement and Budget/General Accounting staff on County and CSS purchasing guidelines, policies and procedures. In November 1998, ISD Purchasing and Central Services (PCS) personnel also provided comprehensive procurement training to Procurement and Accounting staff and program managers/supervisors. This training covered County and ISD PCS purchasing policies and procedures, including bid and price solicitations, vendor selections, and sole source purchases. We plan on arranging for additional PCS training for Procurement staff. (Target Date - December 31, 2001)

We also revised our requisition form to better document price quotes and other terms of each purchase transaction. The revised form facilitates the review of non-agreement purchases to ensure all requirements are met prior to placing the order.

### **Prior Recommendation 4**

CSS management establish mechanisms to monitor procurement staff for on-going compliance with County purchasing policies and procedures.

#### **CSS Response**

The Budget Officer and Assistant Director of Administrative Services have reviewed County purchasing guidelines and are ensuring compliance with these guidelines before signing/approving requisitions. We have also instituted periodic reviews of randomly selected purchases to verify compliance in the areas of price solicitations/quotes, non-fragmentation of orders, approvals, CBE vendor participation, and other Board required certifications (e.g., Child Support Compliance Program and Anti-Child Labor Provisions). The next review will be performed in November 2001. In addition, the evaluator of purchasing controls will be provided training prior to commencing the 2001-02 Internal Control Certification Program (ICCP) self-assessment.



Based on the results of the internal reviews and ICCP, Administrative Services managers will identify areas of non-compliance and implement immediate corrective action. (Target Date – November 30, 2001 and on-going)

#### **Prior Recommendation 6**

CSS management ensure Procurement staff maintains a complete file of vendor agreements and matches invoices to the agreement terms prior to approving vendor invoices for payment.

#### **CSS Response**

In December 2000, we obtained from ISD PCS the most current agreement vendor listings and updated our files with copies of vendor agreements that are used by CSS. A procedure was established for Procurement staff to check quarterly with ISD PCS for updated agreement vendor lists when available. Our vendor agreement files are now current and are used to match invoices to the agreement terms prior to approving them for payment. ISD has recently placed vendor agreements on the County Intranet that will provide staff with quick access to the agreements and assist in keeping the vendor agreement file current. (Implemented - December 2000)

#### **Prior Recommendation 7**

CSS management ensure accounting staff responsible for accounts payable perform a match between the vendor invoice and packing slip to ensure goods have been received prior to payment.

#### **CSS Response**

Since July 2000 Accounting staff is matching packing slips to the vendor invoice prior to forwarding the documents to Accounts Payable for payment. Also invoices and service work orders must be signed off as "received/completed" or "OK to pay" before payment can be made. Procedures have been implemented for Procurement staff to follow-up on missing receiving documents and to withhold processing of future requisitions from sections that have not provided receiving documents for previous purchases. (Implemented - July 2000)

#### **May 1997 - CWTAPPS Review**

#### **Prior Recommendation 1**

CSS management ensure compliance with County Fiscal Manual requirements that departmental payroll and personnel staff be precluded from having access to their own payroll/personnel information on CWTAPPS.

**CSS Response**

No payroll or personnel staff has access to their own payroll and personnel records on CWTAPPS. A second pay center was established in January 2001 where an individual with no payroll or personnel responsibilities processes time for employees having payroll and personnel responsibilities. (Implemented - January 2001)

**Prior Recommendation 6**

CSS management ensure that all bonuses are entered into CWTAPPS within Auditor-Controller deadlines.

**CSS Response**

Personnel/Payroll continues to make every effort to ensure compliance with Auditor-Controller deadlines for processing personnel and payroll transactions into CWTAPPS. Bonuses are now entered into CWTAPPS throughout the month as they are approved. Written notification will be given to Department managers reemphasizing the importance of submitting bonus requests to Payroll/Personnel within the month the bonuses are effective to ensure they are entered prior to the Auditor-Controller's payroll deadline. (Target Date - October 15, 2001)

**Prior Recommendation 11**

CSS management ensure an individual with no payroll responsibility traces terminated employees' names to the Payroll Sequence Register for three consecutive months to ensure that the employee is not receiving payments for which they are not entitled to.

**CSS Response**

The Personnel Officer is responsible for tracing terminated employees to the Payroll Sequence Register for three consecutive months. This verification is documented on a log. The Personnel Officer's CWTAPPS profile is for inquiry only. (Implemented - March 2001)

**Prior Recommendation 13**

CSS management reemphasize to employees the importance of submitting timecards to the Payroll Unit by the established due date.

**CSS Response**

A memo emphasizing timeliness as well as a schedule of timecard submission deadlines was distributed to employees in October 2000. Personnel will begin to issue a notification twice annually emphasizing the importance of timely submission of timecards. In addition, Payroll staff will refer missing timecards for follow-up by

the Timecard Coordinator for the assigned pay location. Continual instances of non-compliance will be reported to the appropriate Assistant Director for corrective action. (Implemented - October 2000)

#### **Prior Recommendation 14**

CSS management establish procedures that improve control and accountability over the submission of timecards to the Payroll Unit.

#### **CSS Response**

The Timecard Coordinator for each pay location is responsible for gathering and submitting timecards to the Payroll Unit. To minimize the Payroll Unit calling employees to track down late timecards, the Coordinators will be provided with a roster of all employees for their pay location as well as a transmittal form for use when submitting timecards. (Target Date - November 1, 2001)

#### **Prior Recommendation 20**

CSS management implement the use of pre-printed employee timecards to all employees.

#### **CSS Response**

Through a combined effort with Personnel and the Information Technology Manager, a database will be developed that will enable the preprinting of timecards, including the employee name, number, item number, etc. by the Payroll Unit. (Target Date - January 1, 2002)

#### **Prior Recommendation 21**

CSS management develop and implement procedures for processing/rejecting timecards containing erasures, corrections, cross-outs, or missing information.

#### **CSS Response**

The Payroll Unit has been instructed to send back to Timecard Coordinators all timecards with erasures, corrections, cross-outs, omitted information, etc., without employee and supervisor initials. A procedure will be implemented and distributed to all staff regarding the processing/rejection of timecards containing erasures, corrections, cross-outs or missing information. (Target Date - October 15, 2001)

#### **Prior Recommendation 24**

CSS management develop procedures that incorporate CWTAPPS' automatic leave defaulting feature as Departmental policy.

**CSS Response**

Payroll staff has been instructed to utilize the CWTAPPS leave defaulting feature. Staff will continue to place a courtesy call to the Timecard Coordinator/employee prior to defaulting to available leave balances. Written procedures will be distributed to Payroll staff and Timecard Coordinators, and all employees will be notified of the policy on leave defaulting when sufficient leave time is not available for reported variances. (Target Date - October 15, 2001)

**Prior Recommendation 25**

CSS management instruct the Payroll Unit to discontinue maintaining manual Master Timecards and to utilize information maintained by CWTAPPS and viewable on-line and/or provided on reports.

**CSS Response**

The Payroll Unit has discontinued maintaining manual Master Timecards. CWTAPPS is now used to track employee benefit balances. (Implemented -February 2001)

**Prior Recommendation 37**

CSS management ensure the Payroll/Personnel Unit staff document their reviews of CWTAPPS reports as required by the County Fiscal Manual.

**CSS Response**

A matrix will be developed listing all CWTAPPS reports, purpose of the report, production cycle, and procedures and responsible parties for documenting the follow-up and review/approval of each report. Staff will be required to submit the completed reports to the Personnel Officer and Payroll and Operations supervisors, as appropriate, which will verify compliance with the County Fiscal Manual. Written procedures will be developed and distributed to responsible supervisors and staff. (Target Date – November 15, 2001)

**Prior Recommendation 40**

CSS management ensure that an individual at each location is designated as Timecard Coordinator and held responsible for making sure that all payroll requirements and payroll deadlines are met.

**CSS Response**

Timecard Coordinators have been designated for each pay location. As noted in response to Recommendation 14, the Coordinators will be supplied with a roster by

pay location as well as a transmittal form for use in making sure that payroll deadlines are met. We will also issue written instructions to the Coordinators reiterating their responsibilities for ensuring compliance with payroll requirements. (Target Date - November 1, 2001)

**Prior Recommendation 41**

CSS management ensure that the Department's payroll manual is completed and that payroll training is given to all employees in the Department.

**CSS Response**

A directive will be immediately distributed to all CSS staff reiterating payroll and timekeeping policies and procedures. Human Resources staff is in the process of developing a payroll manual. Once the manual is complete, payroll training will be delivered to the Timecard Coordinators. (Target Date - March 1, 2002)

**Prior Recommendation 42**

CSS management reemphasize the importance of proper payroll reporting to all managers and hold them accountable for compliance to payroll procedures and timecard deadlines.

**CSS Response**

Written notification will be given to Department managers emphasizing the importance of complying with all payroll deadlines and procedures. Human Resources will refer continual instances of non-compliance to the appropriate Assistant Director for corrective action. (Target Date - October 15, 2001)